

**Statement of Mel Harris
President and Chief Operating Officer
Sony Pictures Entertainment
Before the Senate Committee on Commerce, Science and Transportation
Wednesday, September 27, 2000**

Chairman McCain, Senator Hollings, distinguished members of the committee, I am Mel Harris, President and Chief Operating Officer for Sony Pictures Entertainment.

Thank you for the invitation to appear at this hearing on this important subject. Let me begin by giving you some background on Sony Pictures Entertainment. Sony Pictures is a leading creator and distributor of entertainment products, services and technology. Our global operations encompass motion picture production and distribution, television programming and syndication, home video acquisition and distribution, operation of studio facilities, digital entertainment products, services and distribution of filmed entertainment in 67 countries.

Our motion pictures group generates a diverse range of films for audiences worldwide. Columbia Pictures is our primary motion picture group focusing on widely released films. In addition we operate three other groups that focus on specialized markets and films. Sony Pictures Classics specializes in acquisition, marketing and distribution of prestigious foreign and American independent films. Screen Gems is a movie distribution label which provides a haven for the type of film that falls between those currently released Sony Pictures Classics and the wide release movies that are more traditionally developed and released by Columbia Pictures. In addition, Sony Pictures Family Entertainment Group creates, produces and distributes television programs.

I think it is important to discuss the rating system for motion pictures. From reading the FTC report and accounts of the previous hearings in Congress on this issue, there appears to be some misunderstanding of the rating system.

The basic mission of the rating system is a simple one: to offer to parents some advance information about movies so that parents can decide what movies they want their children to see or not to see. The rating program is based on the assumption of responsibility by parents.

The ratings are decided by a full-time Ratings Board located in Los Angeles. There are 8-13 members of the Board who serve for periods of varying length. They work for the Classification and Rating Administration (CARA). There are now seven full-time and five part-time members of the Ratings Board. Two members are designated as Co-Chairs.

The principal criteria for Ratings Board membership are that the individual is a parent of a child under the age of 18, that the individual possesses good judgment, and that the individual has no other connection with the motion picture industry. In addition, the Co-Chairs seek to include for service on the CARA Board individuals from a broad spectrum of racial and ethnic groups, and educational, geographic, and other backgrounds and

experiences. CARA contacts organizations such as the Parent Teacher Association and other similar groups to solicit the names of potential raters.

The criteria considered by the Ratings Board in making its judgment include theme, violence, language, nudity, sensuality, drug abuse, among other elements. Part of the rating flows from how each of these elements is treated by the filmmaker. There is no special emphasis on any one of these elements. All are considered. All are examined before a rating is awarded.

It is important to keep in mind that CARA is operated separately from and independent of the operations of the Motion Picture Association of America, Inc. ("MPAA"). The sole management link with the trade association is the President of the MPAA, Jack Valenti, who has steadfastly enforced its walled-off character from the MPAA. The President of MPAA selects the Chair, with the concurrence of the President of the National Association of Theater Owners ("NATO"). CARA supports itself from the fees it charges filmmakers to rate their films, and therefore is completely self-supporting. It receives no funds from MPAA, nor does it report to MPAA in any other way.

A producer or distributor of a motion picture (including pictures released directly to video) may submit that motion picture to CARA for rating. With the exception of member companies of the MPAA, filmmakers are free to choose whether or not to submit their films for rating. Only member companies of the MPAA are obliged to submit their films for rating. Each producer and distributor requesting a rating pays a fee which varies by the budget of the picture submitted for rating.

The members of the Ratings Board view the entire motion picture submitted for rating, deliberate about the appropriate rating and then vote, with the preliminary rating being determined by a majority vote. In certain situations specified by the rules, a particular rating may require more than a majority vote of the Board. The Co-Chairs vote when there is a close division among members of the Board. The preliminary rating is provided to the producer or distributor, who may accept it.

Upon acceptance of the preliminary rating, the film is rated, a Certificate of Rating is issued, and announcement of the rating is communicated to theater owners and the media through the weekly CARA Bulletin and on the CARA's Internet website. If the producer or distributor does not accept the preliminary rating, it has three options: (1) it may choose to edit the film to try to seek a different rating; (2) it can appeal the rating; or, (3) if it is not a member company of the MPAA, it may distribute the film without a rating.

If a producer or distributor wishes to appeal a rating to the Rating Appeals Board, it may do so. The Appeals Board is composed of individuals designated by each MPAA member company, by exhibitor representatives designated by NATO, and by a representative of the American Film Marketing Association ("AFMA"). Members of the Appeals Board receive no compensation from CARA for their service on the Appeals Board.

Members of the Appeals Board meet to view the film for which the rating has been appealed. Following the screening of the film, the Appeals Board members hear presentations on behalf of the filmmaker and the Ratings Board, discuss the rating of the

film, and then vote by secret ballot. The standard for overturning a rating is that the original rating of the CARA Ratings Board was clearly erroneous. An appeal ballot indicates whether the Appeals Board member favors overruling or sustaining the rating, but does not give reasons for that vote. A vote of a two-thirds majority of those present and voting is required to overturn a rating.

Of the approximately 15,350 films rated by the Classification and Rating Administration, there have been 301 appeals (1.96%). Of those 301 appeals, the Board's rating has been sustained in 181 cases (60%). Thus, from the inception of the system over 30 years ago, only 0.78% of the ratings awarded by the CARA Board have been changed on appeal.

The Ratings Board discusses the rating of each motion picture in detail and conducts periodic general discussions of the ratings. The CARA ratings are intended to be used by American parents who currently have young children as a guide to determine which motion pictures are appropriate for their children. Accordingly, the Ratings Board membership and procedures are designed to provide ratings that reflect the current views of most American parents on what is appropriate for their children. To the extent there are changes in the views of American parents about the suitability of any type of motion picture content for their children, the Board's decisions are intended to reflect those changes.

While we are mindful of the critical role parents play in the process of choosing films for their children, we are also aware that children may see the advertising for films that their parents may believe are not right for them. So we voluntarily submit all of our advertising materials, including billboards, trailers and television spots, to the MPAA's Advertising Administration for its certification that these materials are suitable for viewing by persons of all ages.

The Advertising Administration is funded through fees collected by CARA for the rating of films. No separate fees are charged for approving advertising. All films that carry ratings are obliged to submit their advertising for approval to the Advertising Administration. There are very few appeals in comparison to the number of pieces of advertising submitted to the Advertising Administration for review. Most producers and distributors whose advertising submission is disapproved choose to revise the advertising and resubmit it, rather than to appeal.

The Co-Chairs of CARA have appeared before church groups, bar organizations, academic institutions, and others to discuss the ratings system. They have contacted various newspapers, magazines, and movie web site operators on the Internet that publish information about motion pictures, to encourage them to use the CARA ratings in their publications and on their website. CARA also monitors reviews and other published information about motion pictures to make certain that the correct rating and reasons are given and CARA sends requests for correction when incorrect information is found.

To publicize the Ratings System, CARA supplies thousands of posters describing the Ratings System to theaters and video retailers, to be displayed in the theater or in the store. Since 1997, approximately 20,000 posters have been distributed to theaters and another 5,000 to video retailers.

Motion picture theater owners, who co-founded the rating system in 1968, were the first group in the entertainment industry to voluntarily enforce its guidelines. In the mid 1980's, as watching movies on videocassettes at home soared in popularity, video retailers joined theater owners in embracing the voluntary guidelines of the rating system. Parents who relied on the rating system to determine which films their children viewed in theaters found the information provided by the rating classifications equally helpful in home video. To facilitate its use, ratings are displayed on both the videocassette package and the cassette itself.

The Video Software Dealers Association (VSDA), which is the major trade association for video retailers in the United States, has adopted a "Pledge to Parents" which strongly endorses the observance of the voluntary movie rating system by video retailers.

It is crucial to make regular soundings to find out how the public perceives the rating program, and to measure the approval and disapproval of what they are doing. Nationwide scientific polls, conducted each year by the Opinion Research Corporation of Princeton, New Jersey, have consistently given the rating program high marks by parents throughout the land. The latest poll results show that 81% of parents with children under 13 found the ratings to be "very useful" to "fairly useful" in helping them make decisions for the moviegoing of their children. On the evidence of the polls, the rating system would not have survived if it were not providing a useful service to parents.

At Sony Pictures Entertainment, only about one-half our films were rated R in the last few years. The other half were rated G, PG, or PG-13. We do not distribute films rated NC-17. As those ratings suggest, we produce and distribute all kinds of films that, we hope, will appeal to all kinds of audiences, including families with young children. For example, last Christmas, we released to great success *Stuart Little*, a story about a mouse who was adopted by a human family. We also distributed another film, *The Adventures of Elmo in Grouchland*, featuring the "Muppets" characters. My point is that Sony Pictures produces and distributes all kinds of motion pictures, not just those that have drawn the attention of the FTC's study on R and PG-13 films that depict violence.

Parents believe they should be the ones on the front line in deciding what films their children should see. They are not willing to cede that responsibility to anyone. They realize that every child is different and that a parent is best positioned to know whether his or her child is mature or sophisticated enough to handle a particular message.

We believe the current movie rating system, augmented by the additional information that we and others provide to the public, gives parents the information they need and want to make an informed decision. I know that others who have appeared before this Committee disagree, claiming that parents somehow do not grasp what the ratings mean. Well, surveys demonstrate conclusively that parents do understand the rating system. They understand that a "PG-13" or "R" rating does not mean that a movie has been judged "inappropriate" for children, but, instead, that parents may find aspects of the film to be inappropriate for their children. They also understand that only an NC-17 rating constitutes a statement by the distributor that a film is intended only for "adults" or is not suitable for children. In short, parents know the difference between a yellow light – a caution – and a red light – a prohibition.

I believe that portions of the FTC narrative report operate from a mistaken premise that when a film is rated R, it is inappropriate for children under 17. That is not the case. Therefore, advertising those films rated R does not, as some suggest, undermine the rating system. In fact, advertising, with its emphasis on the R rating, reflects a determination that parents should be cautioned to look into the film before letting their children see it. The R rating is a helpful service to parents, who are the ones that ought to determine on a child-by-child basis whether a given film is appropriate. Let me give an example: our recent film about the American Revolution, "The Patriot," was rated R for violence. Yet, I have spoken to parents of 13 and 14 year olds who were most appreciative that their children saw this very inspiring film.

Now you might say that it is self-serving for me to say that the film is appropriate for 14 year olds, but I want you to know that a wonderful independent source, writer Nell Minow, who calls herself the "Movie Mom," said the same thing. You can find this information on her website at www.moviemom.com.

Similarly, a number of newspapers, including the Washington Post, carry a weekly column called "The Family Filmgoer," by Jane Horwitz. Ms. Horwitz lets parents know what current films are appropriate for different age groups. In her most recent column she advised parents that in her view nine different films were appropriate for children aged 15 or 16, even though all nine had been rated R at least in part for violence. There are independent sources advising parents that some (though certainly not all) films rated R for violence are indeed appropriate for some children under 17.

Who makes that decision? The parents. Our job in the industry is to give them as much information as possible to help them make an informed decision. Independent writers like Nell Minow and Jane Horwitz help parents make decisions. But we in the industry can and will do more; we will more widely disseminate the reasons why a particular rating was given; this information is already on our website and we will put this information on video cassette boxes, in movie theaters and in ads. We are not here to say that all of our films are appropriate for everyone; we are here to say that we will give parents as much information as we can to decide if a given movie is appropriate for their children.

However, because of the concerns raised by this Committee, the FTC, and others, we want to take additional steps to reinforce our rating system that many parents have come to rely on. We hope that these additional steps will help to make this information accessible to even more parents wanting to make these important decisions, as well as to address additional concerns:

1. Each company will request theater owners not to show trailers advertising films rated R for violence in connection with the exhibition of its G-rated films. In addition, each company will not attach trailers for films rated R for violence on G-rated movies on videocassettes or DVDs containing G-rated movies.

2. No company will knowingly include persons under the age of 17 in research screenings for films rated R for violence, or in research

screenings for films which the company reasonably believes will be rated R for violence, unless such person is accompanied by a parent or an adult guardian.

3. Each company will review its marketing and advertising practices in order to further the goal of not inappropriately specifically targeting children in its advertising of films rated R for violence.

4. Each member company will appoint a senior executive compliance officer or committee to review on a regular basis the company's marketing practices in order to facilitate the implementation of the initiatives listed above.

5. The MPAA will review annually how each member company is complying with the initiatives listed above.

6. The MPAA will strongly encourage theater owners and video retailers to improve compliance with the rating system.

7. The companies will seek ways to include the reasons for the ratings of films in its print advertising and official movie web sites for such films.

8. The MPAA has established or participated in the establishment of the following web sites: "mpaa.org" - "filmratings.com" - parentalguide.org." "Mpaa.org", among other things, describes the rating system and includes a database listing almost every movie rated since the commencement of the rating system in 1968.

"Filmratings.com" is a separate site devoted exclusively to providing ratings information on all rated movies, including the reasons for the ratings on recent releases. "Parentalguide.org" was established by MPAA in conjunction with the electronic game, music, cable and television broadcast industries. The site is intended to provide parents with one central site where they can obtain information about each of the ratings systems that have been developed in those industries. To insure that this information reaches a wider audience, each company will link its official move web site to mpaa.org, filmratings.com and parentalguide.org.

9. Henceforth, each company will include on all packages of new rated releases for its videocassettes and DVDs the rating of such film and the reasons for the rating.

10. Henceforth, each company will include in the preface to its new rated releases for videocassettes and DVDs the reasons for the rating of the film, plus information about the filmratings.com web site.

11. The MPAA and each company will strongly encourage theater owners to provide reasons for the ratings of films being exhibited in their theaters in their customer call centers.

12. Each company will furnish newspapers with the reasons for the ratings of each of their films in exhibition and will request that newspapers include those reasons in their movie reviews. The MPAA and each company will seek newspapers' cooperation in printing a daily column listing films in exhibition, their ratings and the reasons for the rating.

We hope these initiatives will help to reinforce parents efforts in this area. Thank you for this opportunity to present these issues to the Committee. I will be glad to answer any questions.